

# **Exhibit 302**

# The History of Blue Cross Blue Shield of Alabama from a Medical Director's Perspective

Jefferson County Medical Society  
Retired Physicians' Group

January 20, 2009

# Blue Cross...

## THEN Hospital Service Corporation of Alabama

- Founded June 1936
- 5,867 customers
- 16 participating hospitals
- 6 employees



BlueCross BlueShield  
of Alabama



# What led to such an idea?

- The Great Depression-Until the 1930's Hospitals' revenue came mostly from endowments, charitable gifts, patients' fees. These sources "dried up" with the depression.
- In 1929 average hospital receipts per person went from \$236.12 to \$59.26.
- Hospital occupancy dropped by a third.
- Demand for free care increased as jobs disappeared.



## Who's idea was this?

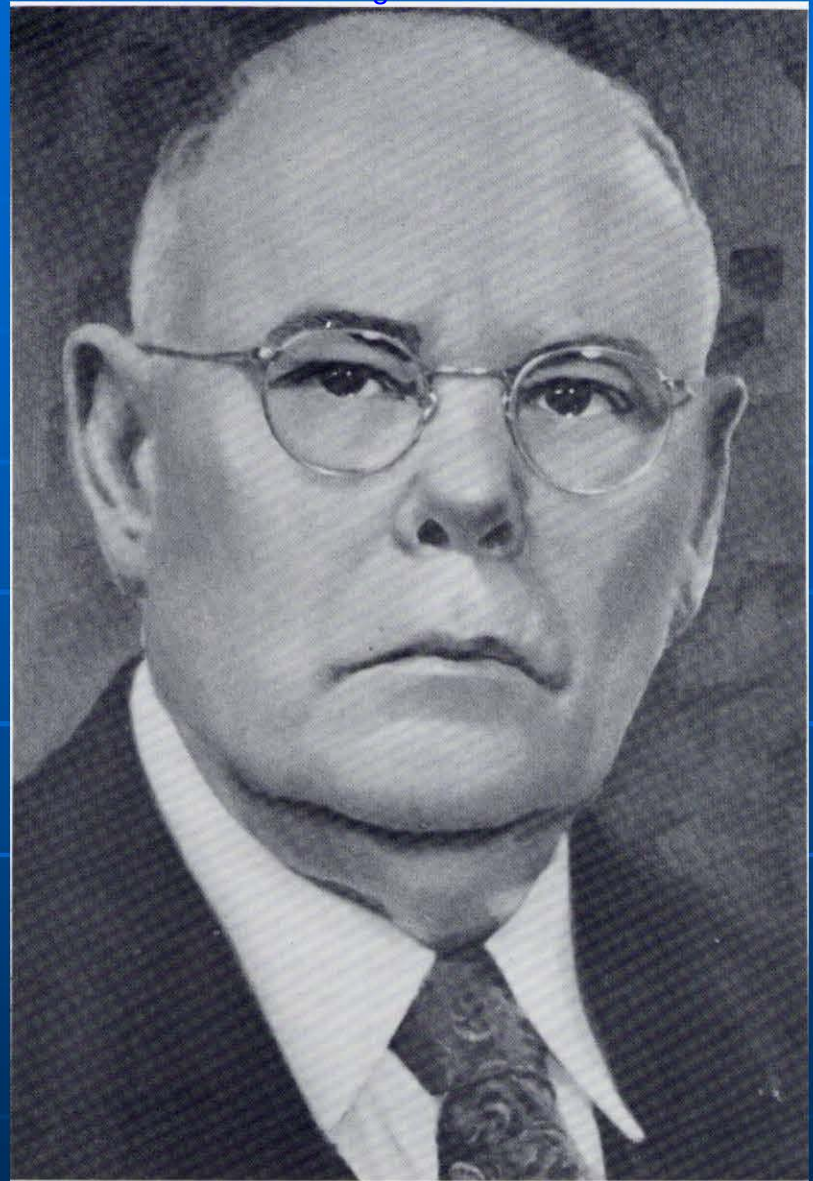
- Many hospitals around Alabama were physician owned, and public hospitals were scarce.
- C.N. Carraway, MD promoted the idea of a hospital prepayment plan to other MD's.
- This paralleled a similar effort by the AMA concerning MD's.



# Blue Shield--Who's Idea.....

- In 1930's AMA pushed for voluntary health insurance and opposed FDR's plan for a national health care program.
- Physician sponsored, under physician control, based at local medical society, freedom of choice, fee for service. (not a National Health Insurance program or HMO's which AMA vigorously opposed)
- The AMA defeated the popular FDR's plan for National Health Insurance in the 1930's, and A.M.A. membership and influence grew exponentially

# C.N. Carraway, M.D.



C. N. CARRAWAY, M.D.  
*Treasurer - 1936-1954*

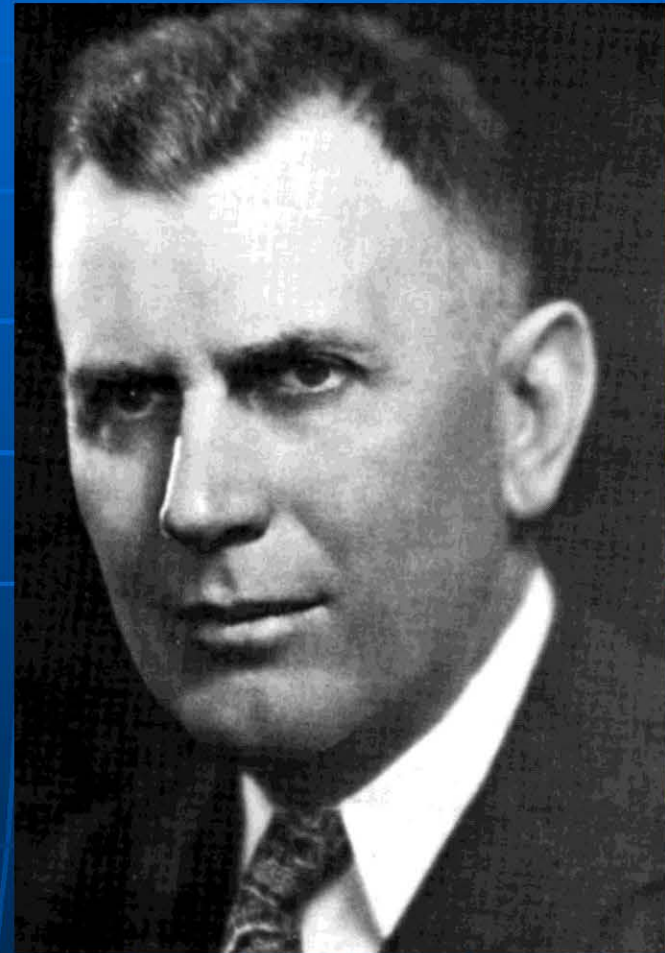


## C.N. Carraway, MD

- Born in Hale County, Al. in 1878.
- Auburn University School of Pharmacy 1902.
- MD, University of Alabama
- Post grad work in surgery New York Medical College 1899-1900. Internship 1901-1902 at Dr. R.M. Cunningham's hospital. Entered private practice in Pratt City 1902.
- 1908 built Carraway Infirmary. Norwood Hospital Inc. in 1917.
- In 1936 he became the first Chairman of the Hospital Service Corporation of Alabama (Blue Cross).
- Dr. Carraway held the first individual "card" for

# A.C. Jackson, M.D. President Hospital Service Corporation of Alabama 1939-1957

- Born August 18, 1889, Macon County, Al.
- B.S. University of Alabama 1910
- MD, Tulane University, 1916
- Intern, House Surgeon, Charity Hospital of Louisiana 1916-1917
- Mayo Clinic, Surgery, 1918
- US Army Base Hospital 58, France, 1917
- Organized Walker County Hospital 1923, President and Chief of Surgery.
- President Alabama Hospital Association 1938-1939





## **“Hospital Care for 3 cents/day”**

- Hospital Service Corporation of Alabama organized by law as a not-for-profit pre-paid hospital payment plan.
- Fee per person \$0.60 per month. Husband and wife for \$1.20 per month. Family at \$1.50 per month.
- 21 days of hospital care
- Use of the operating room, general nursing service, maternity care, lab and “general” medications.
- *The Jefferson County Medical Society bought coverage for it's members in 1937.*
- After 6 months in existence HSCA covered 10,000 individuals in Birmingham and 16 other Al towns.
- Nationwide by July 1936 similar plans covered aver ½ million people.



# David Sanders Moore, M.D. Secretary 1936-1947

- MD, Birmingham Medical College 1908
- Founded South Highlands Infirmary in 1909
- Chief Surgeon, Division B, Hillman Hospital
- President, Alabama Hospital Association
- Executive Committee Member Hospital Service Corporation, key in establishment of Blue Shield (Physicians program)
- *"You can tell who is going to be a good doctor by observing the concern he shows for charity patients. Those who are calloused won't make good doctors."*



# INTEREST UP IN SERVICE PLAN

*Decatur Apr*

Interest here is growing rapidly in the hospital service plan following explanations given before several groups and organizations by Mrs. Monte Payne, of Birmingham, who represents the hospital Service Corporation of Alabama.

The unit is a non-profit organization and was formed to bring hospital service within reach of small incomes. It was organized under the provisions of a special act of the legislature approved Sept. 14, 1935.

All rates are subject to the approval of the Alabama state department of insurance which has free access to the books of the organization.

Any surplus that becomes available will be used only to reduce rates or extend benefits to certificate holders.

Under the plan hospital service can be had for a few cents a day. Any person not more than 65 years of age and in good health, who resides in the state of Alabama may subscribe. Mrs. Payne explained that once a person's application is accepted at the age of 65 or less, he may continue as a subscriber indefinitely.

Only one other state, South Carolina, has the plan in force. Mrs. Payne stated the hospital service operated principally in the larger cities and that Decatur was fortunate in being offered the benefits of the service.

*DECATUR APR 36?*



# GROUP HOSPITAL CONTRACTS ARE BEING SIGNED

## Sponsors Of Corporation Outline Service To Be Given Members

Their organization plans complete, officials of the Hospital Service Corp. of Alabama announced today that they are ready to sign contracts guaranteeing hospitalization in any of 27 Alabama hospitals for as little as two cents a day.

Authorized by an act of the 1935 Legislature, the corporation has been fashioned after group hospital organizations in North Carolina, New York City, New Orleans and Cleveland. It has the endorsement of the Alabama Medical Assn., the American College of Surgeons and the American Hospital Assn.

Ed S. Moore is president of the Alabama corporation, and R. H. Wharton is executive director. Offices are in the Chamber of Commerce Building.

"The corporation," said Mr. Moore, "is organized on a non-profit basis, and offers one of the cheapest rates in the United States.

"The rate for ward service in any of the hospitals is 60 cents a month for individuals, \$1.20 for a man and his wife, and \$1.50 a month for a man, his wife and any number of children under 16.

"The rate for private room service is 90 cents a month for individuals, \$1.80 for a man and wife, and \$2.20 for a man, his wife and any number of children under 16.

"Under the Alabama plan, any group of five or more persons can sign individual contracts with the corporation in which the corporation will guarantee:

"1. Hospital care for 21 days in one or more admissions.

"2. General nursing care in ward

### Rate For Invalids

"6. A discount of 25 per cent off regular hospital charges beyond the period of 21 days.

"7. A credit of \$4 a day if more expensive accommodations are desired, for holders of ward service certificates, or of \$6 a day for holders of room service certificates.

"The benefits cover all types of illness and injury, except pulmonary tuberculosis, venereal diseases, hospital care provided for under the Workman's Compensation Law, quarantinable diseases, mental disorders, rest cure and alcoholism.

A certificate holder may enter any of the 27 hospitals on recommendation of his doctor. The cost of the doctor's services is not included.

The benefits are available immediately in case of accident or emergency illness, and after 15 days from date of the first subscription payment for other illness.

### Has State Approval

The corporation has been organized with the approval of the Alabama state superintendent of insurance.

Alabama hospitals which have contracted to furnish service under the plan are St. Vincent's, West End Baptist, Norwood and South Highlands Infirmary, in Birmingham; Bessemer General, Garner Hospital, Anniston; Benevolent Society Hospital, Decatur; Gibson Hospital, Enterprise; Britt Infirmary, Eufaula; Eliza Coffee Memorial Hospital, Florence.

Holy Name of Jesus Hospital, Gadsden; Forrest General Hospital, Gadsden; Walker County Hospital, Jasper; Hubbard Hospital, Montgomery Methodist Hospital and Saint Margaret's Hospital, all of Montgomery; East Alabama Hospital, Opelika; Pell City Infirmary; The Knight Sanatorium, Roanoke; King Memorial Hospital, Selma Baptist Hospital and Vaughan Memorial Hospital, all of Selma; Colbert County Hospital, Sheffield; Drummond-Frazier Hospital, Sylacauga; Sylacauga Infirmary; Citizens Hospital, Talladega, and Beard Memorial Hospital, Troy.



# Sister Lydia Hoffman

Daughters of Charity of  
St. Vincent dePaul

- The First Vice President of Hospital Service Corporation of Alabama
- Administrator of St. Vincent's Hospital
- *"As I look back, I see the wonderful stimulus given to our hospitals, not just during the Depression, but all through the years as Blue Cross expanded and united with Blue Shield to stabilize, support, and cooperate with the hospitals and those seeking hospital care."*



## First Ever Undertaken

The "Hospital Service Corporation of Alabama" is making the first attempt ever made in the United States to provide group hospitalization on a state-wide scale without a subsidy.

The "Alabama Plan" sprang but from practical-minded Alabama physicians. It is being financed by good, hard Alabama private capital and not by the Federal Treasury or some foundation.

It aims through "co-operation" to provide the finest hospital care for thousands of persons who, alone, have never been able to afford hospitalization for themselves and their families.



# ENCIRCLE THE AMOUNT YOU WISH TO PAY

		MONTHLY RATE	QUAR- TERLY RATE	SEMI- ANNUAL RATE	ANNUAL RATE
Ward Service	INDIVIDUAL	\$ .60	\$ 1.80	\$ 3.60	\$ 7.00
	HUSBAND AND WIFE	\$ 1.20	\$ 3.60	\$ 7.20	\$14.00
	HUSBAND, WIFE AND ALL CHILDREN UNDER 16 YEARS OF AGE	\$ 1.50	\$ 4.50	\$ 9.00	\$17.50
Private Room Service	INDIVIDUAL	\$ .90	\$ 2.60	\$ 5.10	\$10.00
	HUSBAND AND WIFE	\$ 1.80	\$ 5.20	\$10.20	\$20.00
	HUSBAND, WIFE AND ALL CHILDREN UNDER 16 YEARS OF AGE	\$ 2.20	\$ 6.60	\$13.20	\$25.00

List below (in addition to applicant) persons to be protected  
by the payment you have specified above:—

RELATION-  
SHIP  
CHECK

HUSBAND  
WIFE

(print name)

(Where Employed)

(Date of birth)

SON  
DAUGHTER

(print name)

(Where Employed)

(Date of birth)

SON  
DAUGHTER

(print name)

(Where Employed)

(Date of birth)

SON  
DAUGHTER

(print name)

(Where Employed)

(Date of birth)

SON  
DAUGHTER

(print name)

(Where Employed)

(Date of birth)

SON  
DAUGHTER

(print name)

(Where Employed)

(Date of birth)

Payment of the fees above indicated shall be made in the manner checked below:

- Check Manner of Payment ☐ (a) By such payment direct to you, submitted with this application—Quarterly, Semi-Annual, or Annual
- ☐ (b) By deduction from my salary or wages by my employer—Monthly.

If payment is to be made by another subscriber, signature of such person should appear below.

Signature

Name of  
Employer

40M Rev.—11-23-37



Paper read at the Annual Meeting of Alabama Hospital Association at Montgomery, Alabama, April 17, 1939, by Ed S. Moore, Manager of Hospital Service Corporation of Alabama.

Just a brief resume of the inception and organization, and progress of Hospital Service Corporation in the past two years.

The enabling act under which Hospital Service Corporation operates was passed by the Legislature at its regular session of 1935 and amended in the Special Session of 1936.

Several of the leading hospitals in the State, through their Executives were responsible for the passage of the Special Act of the Legislature and for the subsequent organization of the Hospital Service Corporation.

No interests other than the hospitals had any part in it nor showed any interest in it, except there was considerable antagonism from certain sources. The entire Board of Trustees of Hospital Service Corporation is composed of representatives of the Affiliated Hospitals, and this procedure is prescribed by the law as enacted. Hospital Service Corporation belongs to the hospitals affiliated, as well as to the subscribing members who pay their monthly dues.

The Alabama law authorizing the chartering of Hospital Service Corporation of Alabama to furnish Alabama residents hospital service under certain restrictions, provides:

**First:** Such Corporation must be operated on a non-profit basis;

**Second:** The Trustees of such Corporation must be one representative from each hospital that affiliates with the Corporation;

**Third:** Only those hospitals that could gain the approval of the Alabama Hospital Association and the State Board of Censors of the Alabama Medical Association could qualify to affiliate with the Service Corporation;

**Fourth:** The Certificate of Membership issued by the Service Corporation and its rates of dues must be approved by the Superintendent of Insurance of Alabama;

**Fifth:** Bi-annual examinations of the Service Corporation must be made by the examiners of the Insurance Department;

**Sixth:** Reserves must be maintained by the Service Corporation as required by the Special Act authorizing the chartering of Hospital Service Corporation;

**Seventh:** A special deposit of \$20,000.00 was required to be made with the Treasurer of Alabama for the protection of Certificate Holders;

**Eight:** Under this law Hospital Service Corporation of Alabama is not an insurance company, and is not amenable to any of the insurance laws of the State of Alabama;

**Ninth:** It pays its members no money, but pays the hospitals for Service rendered to its members—IT IS A SERVICE CORPORATION.

"Strange as it may seem" the public can't comprehend—can't get it into their heads that any body of men and women, even Hospital Executives, would go to the trouble and expense of creating an organization except for personal gain—the public can't understand the non-profit provision in the law.

We are now well started on our third calendar year's operations. Here are some of the results achieved:

Individual members under protection this date	over 47,000
Members admitted to hospitals over	8,500
Hospital bills paid for members over	\$335,000

We conservatively estimate that 8,000 members will be hospitalized in 1939 and that dues amounting to over \$500,000.00 will be collected.

# Morris Fishbein, M.D. AMA President Editor JAMA 1924-1949



Acme

. . . is opposed by Dr. Morris Fishbein



# GROUP MEDICINE IS SPREADING DESPITE WIDENING ATTACK

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Alabama Hospital Corporation Is Among Those That Have  
Grown Up In Nation; Many Doctors Oppose Sys-  
tem, But Others Co-operate

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BHM post  
11-25-36

# **VAN DYK LAUDS ALABAMA'S NEW HOSPITAL PLAN**

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**New York Director Outlines  
Handicaps But Predicts  
Success Of Movement**

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## DOCTORS PLAN FINISH FIGHT

But the small clinic recently opened here under the sponsorship of the Federal Home Loan Bank Board and the Home Owners' Loan Corp., in which members of the new Group Health Assn. are to be treated for all minor ailments, has caused the District of Columbia Medical Assn. to organize its legal forces for a finish fight. Subscriber to the Group Health Assn., who are employes of the two Government agencies, pay \$3.30 a month for family medical care, including hospitalization.



## YOU SHOULD JOIN H. S. C. OF ALA.

### REASONS WHY

- Not Operated for Profit
- No Catch in the Contract
- No Red Tape
- No Enrollment Fee
- No Assessments
- A Practical Family Plan.

### HOSPITAL SERVICE CORPORA- TION OF ALABAMA

Is Approved By  
ALABAMA HOSPITAL  
ASSOCIATION  
ALABAMA MEDICAL  
ASSOCIATION  
AMERICAN HOSPITAL  
ASSOCIATION

H. S. C. is a Real—A Worthwhile  
Non-Profit Community Service

### HOW BENEFITS ARE OBTAINED

Your admission to a participating hos-  
pital is gained through your personal  
physician. You and your doctor may  
choose any one of these hospitals listed  
where he has staff privileges.

As a certificate holder you receive an  
identification card which serves as your  
ticket of admission.

The cost of your doctor's services is  
not included.

On a vacation or other travel outside  
of Alabama, or within the State where  
there is no affiliated hospital, you will  
be entitled to a contribution up to \$6 or  
\$4 per day on your hospital bill in case  
of accident or emergency illness.

HOSPITAL SERVICE  
CORPORATION OF ALABAMA  
403 CHAMBER OF COMMERCE BLDG.  
BIRMINGHAM, ALA.

Mobile Branch Office:  
802 First National Bank Bldg.

Montgomery Branch Office:  
701 First National Bank Bldg.

#### Officers

President.....A. C. Jackson, M.D.  
Vice-President.....Sister Lydia  
Secretary.....D. S. Moore, M.D.  
Treasurer.....C. N. Carraway, M.D.  
Ed S. Moore, Manager  
Wm. N. BURCHFIEL,  
Director of Enrollment

## HOW Would YOU

Pay

3/25/39

*An Unexpected  
HOSPITAL BILL?*



Join

HOSPITAL SERVICE CORPORATION  
and Pay 2c or 3c a Day  
*And Have It Paid For You*



## WHAT THE GROUP HOSPITAL SERVICE PLAN PROVIDES:

- 21 days of hospital care in each year, except in maternity cases, 7 days only are allowed
- Private room and board (3c a day cost) or
- Ward bed (2c a day cost)
- Use of operating room (as often as necessary)
- Maternity service arising 12 months after date of contract (including delivery room and care of newborn babe)
- Routine medicines
- Routine laboratory
- Dressings
- General nursing care
- Supplies for anesthesia
- All customary hospital service

## WHO MAY JOIN?

Any resident of Alabama from 2 months to 65 years of age, if in good health. Benefits available immediately for accidents, and after 15 days waiting period for illness.

## ITEMS NOT INCLUDED:

1. Services rendered by medical profession.
2. Special nurses nor their board.
3. Special Laboratory examinations which involve the services of the medical profession, as pathologist and x-ray.
4. The administration of anesthesia.

## WHAT IT COSTS PRIVATE ROOM SERVICE

Standard \$5 a day Room:

	Monthly	Annually
Individual .....	\$ .90	\$10.
Husband and Wife.....	1.80	20.
Husband and Wife and all children under 16 years old.....	2.20	25.

## WARD SERVICE

Individual .....	\$ .60	\$ 7.
Husband and Wife.....	1.20	14.
Husband and Wife and all children under 16 years old.....	1.50	17.50

## HERE IS THE ONLY WARRANTY YOU MAKE:

For your protection and ours, a subscriber must sign an application card with this provision: "I hereby certify that the statements made on both sides hereof are true and correct; that I am in sound physical condition, and that I understand and agree that hospital service under this plan shall not include the treatment of conditions known to me to exist on the date of this application."

50,000 of your friends and neighbors are now members;

Nearly 10,000 hospital bills have been paid for them in less than 2½ years.

You have free choice of doctors and free choice of the 43 Alabama hospitals listed on next page.

## IDENTIFICATION CARD

THIS CERTIFIES THAT:

*John Doe*

and dependents approved on the reverse of this card are entitled to hospital care at any of the hospitals listed below under provisions of a contract with

**HOSPITAL SERVICE CORP. OF ALA.**  
 Saint Vincent's, B'ham  
 The Baptist, B'ham  
 Norwood, Birmingham  
 So. Highlands, B'ham  
 Children's Hospital, B'ham  
 Hargis Clinic Hospital Annex, Birmingham  
 Bessemer Gen., Bessemer  
 Garner, Anniston  
 Powers Hospital, Athens  
 Benevolent Society, Decatur  
 Britt, Eufaula  
 Salter, Eufaula  
 McNease & Robertson Hospital, Fayette

**ALABAMA**  
 Opelika Inf., Opelika  
 Pell City Inf., Pell City  
 Knight San., Roanoke  
 Russellville Hos., Russellville  
 King, Selma  
 Selma Baptist, Selma  
 Vaughn, Selma  
 Colbert Co., Sheffield  
 Sylacauga Inf., Sylacauga  
 Citizens, Talladega  
 Beard, Troy  
 Edge, Troy  
 Druid City, Tuscaloosa  
 Wetumpka Gen'l, Wetumpka  
 Hill, York

Not valid unless signed by member on reverse side



# ALABAMA LAW

## Governing Non-Profit Hospitalization And Medical-Surgical Plans

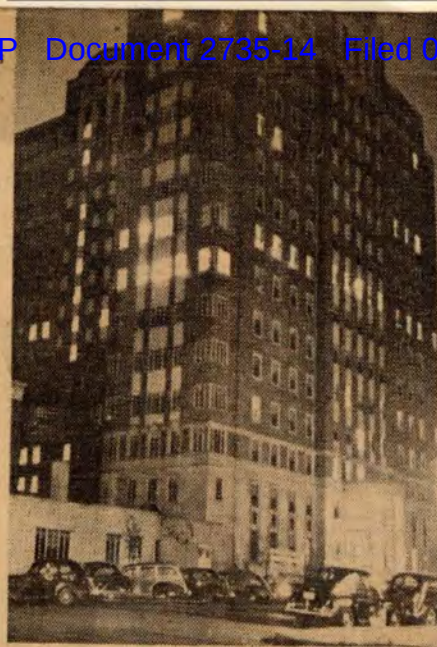
(Sections 304-316 of Title 28, Code of 1940)

(As last amended by the 1951 Legislature)

for hospitals originally forming such corporations. Such corporation may also, under such rules and regulations as it may adopt, elect or cause to be elected as members of its board of trustees doctors who are members of the Medical Association of the State of Alabama and other persons. Such corporation may change its corporate name, the location of its principal place of business, or make such other alteration, amendment, or change in its charter as may be desired in the following manner: Its board of trustees, by a majority vote thereof, either in person or by proxy, at any annual meeting of said board, or at any special meeting called for the purpose, shall adopt a resolution or resolutions setting forth the respect or respects in which the charter of the corporation shall be altered, amended, or changed, and a report thereof, certified by the president or secretary of the corporation under the corporate seal, shall be filed and recorded in the office of the judge of probate of the county in which the corporation was organized, and, upon the filing of same, its certificate of incorporation shall be deemed to be so altered, amended, or changed; provided, however, that such certificate of alteration, amendment, or change shall contain only such provisions as would be lawful and proper to insert in an original certificate of incorporation made at the time of making such amendment.



of Jefferson Hospital aren't alight these evenings, but every night finds more of them shining in the darkness. Last night there were 47, tonight there will be 71. Jefferson's filling up. The beacon atop the structure is a hint to aviators (Other hospital pictures on Page Five.)



—Staff Photo.

## 71 Patients In Building 13 Days After It Opened

Jefferson Hospital today is crammed with 71 patients. Far from disparaging such a low number of occupants of the 600-capacity hospital, nurses figure it's a fairly good average when you consider the hospital has been open only 13 days.

About 10 patients have already been discharged, making a total of 81 admitted. Six more will be discharged than were admitted, however. Six babies have been born. Another is expected momentarily.

The patients have been brought in by about 35 physicians. Two of the patients were Army men.

Jefferson Hospital so far is maintaining an open staff. Any doctor accredited by state or county boards may bring in patients. Administrators hope to set up a board of about six resident physicians if the Army ever quits taking men right out from under their noses. Three likely-looking residents have been snatched away so far.

It is also hoped that in a year an interne and nurse training school will be conducted in connection with the hospital. Now, however, only graduate nurses and internes are hired. Dining tables at mealtime in the hospital are abob with a motley array of nurses' caps, each distinctive of the training school from which the nurse was graduated.

Dr. Charles H. Young, of Mont-

(Continued From Page One)

ances about unfamiliar difficulties that pop up, but largely the operation purrs along without a jerk.

Sixth and 13th floors are not yet completed. Contrary to rumors, the 13th floor will be opened for patients when it is finished, but NOT contrary to rumors, workmen aren't too happy working on it, so it was left till last.

### 'Yehoodi's House'

The 13th has been called "Ye-hoodi's house" ever since a timid nurse investigated a noise up there one night and found a door banging lonesomely in the wind that swept down the unfinished corridors.

Nurses' quarters are in the "pent-house," 14th and 15th floors.

Three floors have been opened to patients, another is being cleared for action. Soon the only communicable disease floor in any hospital in this district will be ready for patients. Fifth floor is the baby department.

DR. A. C. JACKSON,  
PRESIDENT  
SISTER LYDIA,  
VICE-PRESIDENT  
DR. D. S. MOORE,  
SECRETARY  
DR. C. N. CARRAWAY,  
TREASURER  
ED S. MOORE,  
MANAGER

*Hospital Service Corporation*  
*of Alabama, Inc.*

CHAMBER OF COMMERCE BUILDING

Birmingham, Alabama

April 20, 1939

EXECUTIVE COMMITTEE  
DR. A. C. JACKSON, JASPER  
SISTER LYDIA, BIRMINGHAM  
DR. D. S. MOORE, BIRMINGHAM  
DR. C. N. CARRAWAY, BIRMINGHAM  
C. L. SIBLEY, BIRMINGHAM  
DR. F. L. CHENAULT, DECATUR  
DR. A. W. RALLS, GADSDEN  
DR. WM. HARPER, SELMA  
DR. F. H. CRADDOCK, SYLACAUGA

To Our Affiliated Hospitals:

Re: Hospital Day - May 12, 1939

Here is one more fine opportunity for you to do yourself a big favor.

All over the nation May 12th will be celebrated as HOSPITAL DAY - the Press and the Radio will be doing their part, and you can capitalize on all this publicity.

Yes, it will require the expenditure of some energy, but practically no money, to put on an attractive program, and we do hope you will do it.

Our Organization has been persistent in its efforts to popularize our hospitals - to break down a natural resistance to admission to a hospital. We flatter ourselves that we have really succeeded in a marked degree, and we are asking you to help us to help you make every good hospital a haven of contentment, when accident or sickness befalls.

Study the enclosed leaflet and lets make May 12th a real HOSPITAL DAY in Alabama.

Sincerely yours,

*Ed Moore*

Manager

ESM:C  
encl.



# Hospital Service Corporation of Alabama, Inc.

DR. A. C. JACKSON,  
PRESIDENT  
SISTER LYDIA,  
VICE-PRESIDENT  
DR. D. S. MOORE,  
SECRETARY  
DR. C. N. CARRAWAY,  
TREASURER  
ED S. MOORE,  
MANAGER

CHAMBER OF COMMERCE BUILDING

Birmingham, Alabama

EXECUTIVE COMMITTEE  
DR. A. C. JACKSON, JASPER  
SISTER LYDIA, BIRMINGHAM  
DR. D. S. MOORE, BIRMINGHAM  
DR. C. N. CARRAWAY, BIRMINGHAM  
C. L. SIBLEY, BIRMINGHAM  
DR. L. CHENAULT, DECATUR  
DR. A. W. RALLS, GADSDEN  
DR. WM. HARPER, SELMA  
DR. F. H. CRADDOCK, SYLACAUGA

## AFFILIATED HOSPITALS

IN BIRMINGHAM  
Saint Vincent's Hospital  
The Baptist Hospital  
Norwood Hospital  
South Highlands Infirmary  
Children's Hospital  
Hargis Clinic Hospital Annex  
IN BESSEMER  
Bessemer General Hospital  
IN ANNISTON  
Garner Hospital  
IN ATHENS  
Powers Hospital  
IN CLANTON  
Central Alabama Hospital  
IN DECATUR  
Benevolent Society Hospital  
IN ENTERPRISE  
Gibson Hospital  
IN EUFAULA  
Britt Infirmary  
Salter Hospital  
IN FAYETTE  
McNease & Robertson Hospital  
IN FLORENCE  
Eliza Coffee Memorial Hospital  
IN GADSDEN  
Holy Name of Jesus Hospital  
Forrest General Hospital  
IN GREENSBORO  
Greensboro Hospital  
IN GREENVILLE  
Speir Hospital  
Stabler Infirmary  
IN HUNTSVILLE  
Huntsville Hospital  
IN JACKSON  
South Alabama Hospital  
IN JASPER  
Walker County Hospital  
IN LA FAYETTE  
Wheeler Hospital  
IN MOBILE  
Mobile Infirmary  
Providence Hospital  
IN MONTGOMERY  
Saint Margaret's Hospital  
Fitts Hill Hospital  
Hubbard Hospital  
IN OPELIKA  
Opelika Infirmary  
IN PELL CITY  
Pell City Infirmary  
IN ROANOKE  
The Knight Sanatorium  
IN RUSSELLVILLE  
Russellville Hospital  
IN SELMA  
King Memorial Hospital  
Selma Baptist Hospital  
Vaughan Memorial Hospital  
IN SHEFFIELD  
Colbert County Hospital  
IN SYLACAUGA  
Sylacauga Infirmary  
IN TALLADEGA  
Citizens Hospital  
IN TROY  
Beard Memorial Hospital  
Edge Hospital  
IN TUSCALOOSA  
Druid City Hospital  
Stillman Institute Hospital  
IN WETUMPKA  
Wetumpka General Hospital  
IN YORK  
Hill Hospital

Began Using Aug 25/1939

Dear Subscriber:

We welcome you as one of the thousands of participants in this non-profit, community service. The effectiveness with which your plan serves you will depend on your cooperation.

Your contract is enclosed. You should be thoroughly familiar with its benefits and limitations. Before filing it away for safekeeping we urge you to read it carefully and we particularly call your attention to the following provisions:

- (1) Care is not provided for ailments, abnormalities, or physical conditions known to exist prior to the date of the signed application.
- (2) You must be a regularly admitted, registered, "in-patient" to obtain benefits.
- (3) Admission to the hospital is not provided for cases for medical observation or for tests or laboratory examinations solely for diagnostic purposes, (such as basal metabolisms, electrocardiograms and X-ray.)
- (4) X-rays, administration of anaesthesia, electrocardiograms and metabolism tests are not included because they involve a physician's fee and are medical and not hospital service.
- (5) Maternity care is not available during the first year of this contract.

Any of the participating hospitals listed in the left hand margin of this letter will render service under your contract when your own physician recommends hospital care. To facilitate matters please present the enclosed identification card at the time of admission to the hospital,—this is good for your admission and also for any member of your family listed on your application card. If you become an emergency case (accident or illness) out of the State of Alabama, service in non-member hospitals is paid for only up to the rate of \$4.00 a day for ward contract or \$6.00 a day for private room contract.

It is our aim to provide the best possible service at the least expense and your membership cost is among the lowest in the country today. Rates are based on average stays for all classes of illnesses. You can serve your own interests and those of your fellow subscribers best by being reasonable in your demands for service under this contract: — Please do not request your doctor to hospitalize you for minor ailments, for which hospital care is not ordinarily necessary. For a serious ailment do not request your doctor to permit you to remain in the hospital for a longer period than he deems necessary for your physical welfare.

Suggestions or criticisms will be welcomed by this office at any time.

Faithfully yours,

HOSPITAL SERVICE CORPORATION OF ALABAMA

Ed. S. MOORE, Manager

ESM/C

10M-Form 22



## HOSPITAL SERVICE

2119 FIRST AVENUE, NORTH



## CORP. OF ALABAMA

BIRMINGHAM, ALABAMA

*Began  
using 11-11-48  
room*

TO OUR MEMBERS  
ENTERING U.S. MILITARY SERVICE:

We hope you married men will continue your certificates in force for the protection of your wives and children, and upon discharge from the Military Service promptly revive your coverage.

1. Upon request we will cancel you off the certificate when you join the Military Forces of the Government, and you will be privileged to file a new application not later than 60 days after discharge from the Armed Forces. The application will be handled as originally and, if approved, a new certificate will be issued to you.
2. We will continue the certificate in force with full benefits to the dependents, that is wife and children, of the subscriber or member upon payment of regular dues for the dependents while the subscriber is in the Armed Forces.
3. In case the subscriber or member is a single man we will agree to cancel your membership upon request during your stay in the Military Service and you will be privileged to file a new application not later than 60 days after discharge from the Armed Forces. The application will be handled as originally and, if approved, a new certificate will be issued to you.

We are glad to extend this courtesy and benefit to you.

With every good wish, we are

Yours very truly,

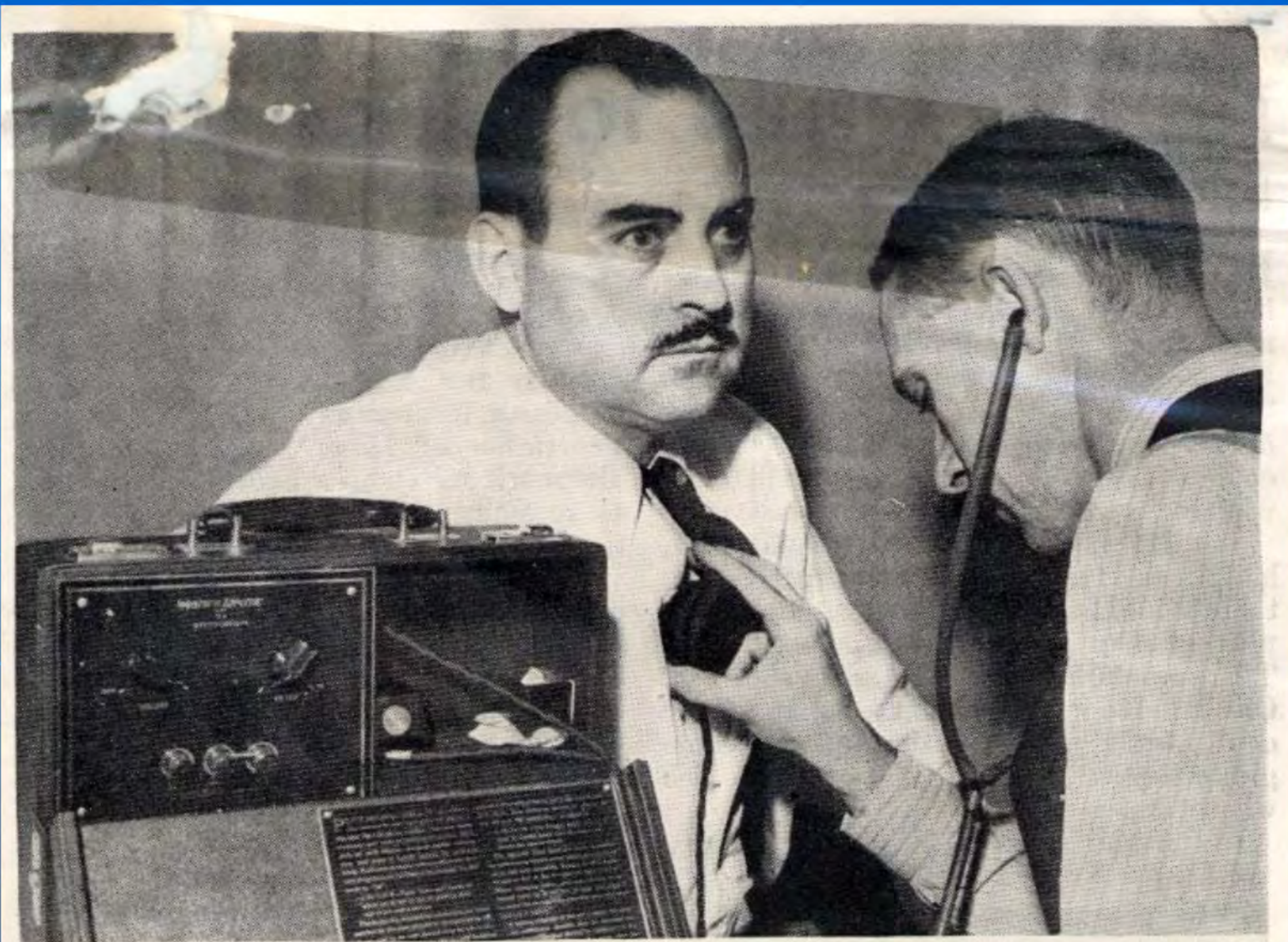
*Ed Moore*



## Blue Cross-Early Days

- In 1946 the Physicians of the state sought the addition of medical and surgical coverage (Blue Cross) to the Blue Shield hospital coverage.
- Prior to the development of the Blue Cross, Physician services, labs, X-ray, etc were not paid for under the hospital plan.
- Blue Shield plans were developed with the support of the AMA and State Medical Societies to help improve physician payment for services. Only "Private Pay" existed prior.
- Blue Shield and Blue Cross could be separate organizations in the same state. Multiple plans could exist in a state.
- In 1986, there were over 100 Blue Cross and/or Blue Shield companies in the U.S. All were not for profit.
- Today there are 39. One includes 13 states and is "for profit" (Anthem/Wellpoint)





Wide World

Portable stethoscope based on the acoustic principle  
... costly modern equipment cuts into doctors' incomes





APPROVED BY  
AMERICAN HOSPITAL ASSOCIATION  
ALABAMA HOSPITAL ASSOCIATION

# HOSPITAL SERVICE CORPORATION OF ALABAMA

*"A Non-profit Community Health Service"*

2119 FIRST AVE., NORTH,  
BIRMINGHAM 3, ALABAMA



APPROVED BY  
AMERICAN MEDICAL ASSOCIATION  
ALABAMA STATE MEDICAL ASSOCIATION

Dear Subscriber:

We take great pleasure in announcing a substantial increase in BENEFITS to our subscribers.

Accordingly, you will find enclosed your (1) NEW HOSPITAL SERVICE CERTIFICATE (and Blue Shield Rider if you were subscribing to the Medical-Surgical Plan), (2) YOUR NEW IDENTIFICATION CARD, and (3) your receipt for your New Certificate, which requires no postage to return to us, in order that we might know that you have received your new Increased Protection.

It is our hope that you will read your new contract and note the Increased Benefits you are receiving. For example, SEVENTY (70) days Hospital Service for each illness per benefit year, Out-Patient Emergency Room Service, 10 months waiting period for Maternity Benefits, and numerous other benefits.

ONE OTHER CHANGE - ALL HUSBAND AND WIFE AND ALL WIDOW(ER) CONTRACTS HAVE BEEN DISCONTINUED. THE FORMER SUBSCRIBERS TO THESE CONTRACTS ARE BEING REISSUED FAMILY CONTRACTS AND, IN THE FUTURE, WILL BE BILLED AT THE FAMILY RATE. The rates will remain the same on the Family and Individual certificates.

Your New Certificate will be effective in April, 1950 on the same day of the month as the original effective date of your certificate as shown on your New Identification Card. For example, if your Identification Card shows the effective date to be July 12, 1946, then the effective date of your New Certificate will be April 12, 1950.

Your Blue Cross Service Certificate remains by far the best bargain in essential protection you can have and certainly you cannot afford to be without it. Please remember to ALWAYS carry your Identification Card with you for ready use.

Very sincerely yours,

HOSPITAL SERVICE CORP. OF ALABAMA

*H. F. Singleton*  
H. F. Singleton,





# **Physician's Guide and Fee Schedule**

Revised July 1, 1956



Blaw  
Post Hessel  
3-24-58-

# 2 important advances in health care for ALABAMIANS



1 The popular new \$25 Deductible Contract is now being offered on a Non-Group enrollment basis. Previously, this broad plan for help with the financial burden of hospital and doctor care could only be obtained through Group membership (at your place of employment).

This modern coverage, designed especially for Alabama conditions, provides the actual hospital services needed that are listed as contract benefits WITH NO DOLLAR LIMITS OF ANY KIND during the eligible period.\* The patient pays the hospital only the first \$25 of contract benefits and for any additional luxury items and accommodations which are not covered. The deductible feature helps Blue Cross provide maximum benefits and yet charge a very reasonable membership rate. Members of Blue Cross-Blue Shield also receive the many unique features of convenience and ease of establishing credit with member hospitals and doctors.

\*This contract entitles members to as much as 70 days care each admission, if 90 days have elapsed since the date of last hospital discharge.

2 Of special immediate interest to our senior citizens is the fact that persons may apply for new membership up to 70 years of age, on a Non-Group basis. As in the past, membership may be continued to any age, if acquired prior to this age limit.

For further information about this new advance in health care, clip the coupon below, fill it out and send it in today.



SEND FOR THIS FREE  
INFORMATIVE PAMPHLET  
TODAY!

Department BN 12-C  
BLUE CROSS-BLUE SHIELD OF ALABAMA  
930 South 20th Street, Birmingham 5, Alabama  
Yes, I am interested in further information about the  
\$25 Deductible Non-Group Contract.

Name .....  
Address .....  
City ..... Zone ..... State .....  
I am employed by (firm name) .....  
Town ..... No. of employees .....  
My wife (or husband) is employed by .....  
Town ..... No. of employees .....  
or Telephone FAirfax 3-2431 and ask for Miss Burns  
No Obligation—No Agent Will Call at Your Home

FOR HOSPITAL CARE

**BLUE CROSS**

FOR DOCTOR CARE

**BLUE SHIELD**

OF ALABAMA





## 23 per cent <sup>news</sup> in state covered by Blue Cross

1-1-59

Twenty-three per cent of Alabama's people are covered by Blue Cross-Blue Shield of Alabama, according to a recent report of the Blue Cross Commission, Chicago.

Alabama ranks 24th among the 82 Blue Cross plans in the United States, the report stated. Only one Southeastern state, Tennessee with 27.02, has a higher percentage of its population enrolled.

Begun 22 years ago, the Alabama plan now has 731,000 members. It has never failed to show an annual gain, says H. F. Singleton, director.



# Blue Cross-Blue Shield in '58 introduced several features

Blue Cross-Blue Shield of Alabama ushered in a wide variety of new health protection features during 1958.

The newly-developed \$25 deductible contract was made available to individuals as well as group members, and optional riders were introduced, offering longer periods of coverage, broader fee schedules for physician services, and new provisions for special health treatment.

LAST YEAR a way was provided for many of Alabama's senior citizens to obtain protection under Blue Cross and Blue Shield. Age limits for initial enrollment as a member were raised from age 65 to age 70. This change included persons eligible on either a group or individual basis.

More attention was called to the retention features of Blue Cross-Blue Shield contracts during the year. Here, members are allowed to continue their protection during periods of unemployment and after retirement, without any age restrictions.

This was done to remind those already enrolled of the availability of continued protection during later years when income has been reduced and the financial burden of health

that more than 50,000 of the state's over age 65 population are already members of Alabama Blue Cross-Blue Shield.

SINCE ORGANIZED locally in 1936, Blue Cross-Blue Shield has grown tremendously, now having more than 731,000 Alabama members. It is a non-profit, community health service organization — governed by Alabamians and affiliated nationally with similar plans. The home office is on Birmingham's Southside with branch offices in Montgomery and Mobile.

Twelve local hospitals are associated with Blue Cross as member hospitals. A total of 121 Alabama hospitals are contracted with Blue Cross in this manner to offer "service" benefits to Blue Cross members over the state.

BLUE CROSS-BLUE SHIELD of Alabama has consistently returned a high percentage of income to its members in the form of health benefits. During the last five years, an average of more than 90 cents out of every dollar paid in by members has been returned to them as health care.

For the coming year, Blue Cross-Blue Shield of Alabama anticipates an even greater volume of new enrollment and member conversion to its new

sive coverage of modern hospital service.



## Samuel Upchurch, M.D.

Part time Medical Advisor, 1950's – early 1960's

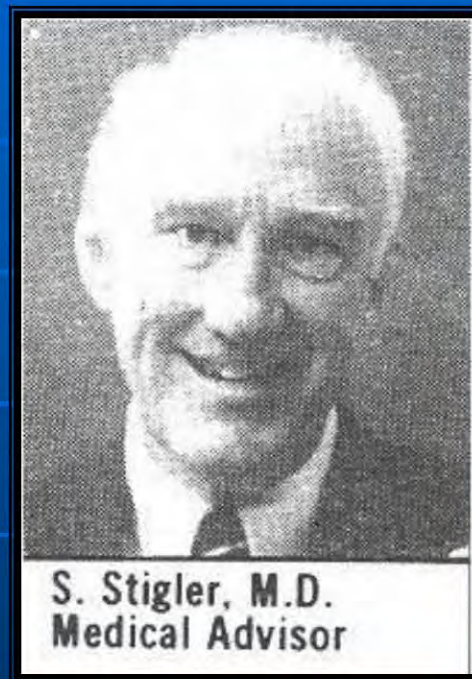
- Succeeded in 1975 by Dr. J. Frank Trucks first full time Medical Advisor





# Stephen L. Stigler, M.D.

- Medical Advisor, full time, 1976-1986
- Birmingham Internist, Rheumatologist
- Merrill's Marauders, WW II, recipient of Navy Cross









# **PMD: Preferred Medical Doctor Program**



CODE	GENERAL DESCRIPTION	AMOUNT
99152	CRITICAL CARE, INITIAL, INCLUDING THE DIAGNOSTIC AND THERAPEUTIC SERVICES AND DIRECTION OF CARE OF THE CRITICALLY ILL OR MULTIPLE INJURED OR COMATOSE PATIENT, REQUIRING THE PROLONGED PRESENCE OF THE PHYSICIAN; EACH HOUR FOR INITIAL STABILIZATION	71
99160	CRITICAL CARE, INITIAL, INCLUDING THE DIAGNOSTIC AND THERAPEUTIC SERVICES AND DIRECTION OF CARE OF THE CRITICALLY ILL OR MULTIPLE INJURED OR COMATOSE PATIENT, REQUIRING THE PROLONGED PRESENCE OF THE PHYSICIAN; EACH HOUR	95
99162	CRITICAL CARE, INITIAL, INCLUDING THE DIAGNOSTIC AND THERAPEUTIC SERVICES AND DIRECTION OF CARE OF THE CRITICALLY ILL OR MULTIPLE INJURED OR COMATOSE PATIENT, ADDITIONAL 30 MINUTES	71
99165	MONITORING RESPIRATION	38
99170	GASTRIC INTUBATION, AND ASPIRATION OR LAVAGE FOR TREATMENT	43
99171	CRITICAL CARE, SUBSEQUENT FOLLOW-UP VISIT; BRIEF EXAMINATION, EVALUATION AND/OR TREATMENT FOR SAME ILLNESS	33
99172	CRITICAL CARE, SUBSEQUENT FOLLOW-UP VISIT; LIMITED EXAMINATION, EVALUATION AND/OR TREATMENT, SAME OR NEW ILLNESS	38
99173	CRITICAL CARE, SUBSEQUENT FOLLOW-UP VISIT; INTERMEDIATE EXAMINATION, EVALUATION AND/OR TREATMENT, SAME OR NEW ILLNESS	40
99174	CRITICAL CARE, SUBSEQUENT FOLLOW-UP VISIT; EXTENDED RE-EXAMINATION, RE-EVALUATION AND/OR TREATMENT, SAME OR NEW ILLNESS	75

## NOTES

### Multiple Surgical Procedures -

- For multiple surgical procedures performed during the same operative session through same incision or in same operative field - payment will be made for only the procedure with the highest Fee Schedule amount.
- For multiple surgical procedures performed during the same operative session through separate incisions and in separate operative fields - payment will be made at 100% of the primary procedure with the highest Fee Schedule amount and at 50% of the Fee Schedule amount(s) for each secondary (unrelated) procedure.
- When there is no bilateral surgical code and bilateral surgical procedures are performed, payment will be made at 150% of the Fee Schedule amount for the unilateral procedure.

### Assistant Surgery

- Payment for assistant surgeon services will be made at 25% of the Fee Schedule amount for the surgical procedure performed.





Blue Cross  
and  
Blue Shield  
of Alabama

# ProviderFax

Important Information for Providers

October, 1986

## Attention Providers:

**ProviderFax** is your new link with Blue Cross and Blue Shield. Now, you will receive all the information you need—in one monthly publication. **ProviderFax** is our answer to your request for more concise, usable information. And, we've designed the index on the cover so you can decide which information applies to you, allowing your staff to save valuable time.

**ProviderFax** is your source for Medicare communication, coverage updates, filing information, group news and more.

In this issue, the emphasis is on Medicare information. In future issues, the content will vary each month based on news and procedure changes.

**ProviderFax** is a consolidation of all ongoing communication pieces from Blue Cross and Blue Shield and replaces the following:

*Blue Cross Crossties*  
*Blue Shield Newslines*  
*Medicare Crossties*  
*Medicare Newslines*  
*Professional Digest*  
*Institutional Digest*  
*Blue Cross Preferred Care News*

If there is additional information you would like to see included in **ProviderFax**, write:

**Blue Cross and Blue Shield  
of Alabama**  
450 Riverchase Parkway East  
Birmingham, Al 35298  
ATTENTION: Communications

## Ryce Named Medical Director

Birmingham, AL—Patrick Earl Ryce, M.D. recently joined Blue Cross and Blue Shield of Alabama as Medical Director.

A 1974 Graduate from the Louisiana State University School of Medicine, Ryce had been a member of the PMD Advisory Committee for the Blue Cross Preferred Medical Doctor (PMD) program.

Ryce, certified by the American Board of Internal Medicine, was previously chief resident and instructor of medicine at the University of Alabama Hospitals. He is past president of the Lauderdale County Medical Society and a past member of the board of directors for the Northwest Alabama YMCA. □



# PREFERRED CARE NEWS

For Preferred Medical Doctors

June 1988

## Alabama Caring Program for Children Receives Support from Health Providers

The Alabama Caring Program for Children, established to provide health benefits for economically disadvantaged children, is currently helping more than 500 children throughout the state. As noted in the March 1988 *ProviderFax*, the goal of this program is to keep these children healthy, rather than being forced to respond to problems after they've developed.

Al Rohling, Director of the Alabama Child Caring Program, is pleased with the support being shown for the program by doctors, through sponsoring children and the waiving of copayments. He says doctors are backing the program because they realize its value in preventing the serious, long-term illnesses that often result from lack of basic health care.

Recently, two Birmingham pediatric surgeons and the Gadsden Pediatric Clinic showed their support for the program through generous donations. Dr. Charles E. Baldwin and Dr. R. Marshall Pitts along with the Gadsden Pediatric Clinic are making it possible for sixty children to receive health care coverage.

Other doctors and health facilities sponsoring children through this new program include Dr. Patricia Block of Troy, Dr. Donald S. Provenzano of Gadsden, Dr. Wayne C. Gibbs of Gadsden, Dr. and Mrs. Jack Wool of Montgomery, the Alabama Foundation for Healthcare of Mobile, GreenVale Pediatric Associates of Hoover, and Outpatient Diagnostic Center of Birmingham.

Although this generosity is providing many children with health care benefits, the need is still tremendous. There are over 35,000 children in Alabama with no health care coverage. Approximately 400 children to-date have been approved to receive benefits, and more applications are arriving daily. These children are on a waiting list until additional sponsors come forth.

We hope you'll consider joining your fellow health care providers and the other Alabama companies



contributed to this program. The cost of sponsoring one child for one year is \$180. Donations are tax deductible and are used solely to purchase health care benefits for Alabama's economically disadvantaged children. Blue Cross and Blue Shield of Alabama will match contributions dollar for dollar and furnish all administrative costs.

You can provide health care benefits for an eligible child (or children) by calling 1 800 423-3559 or 985-5640 (in Birmingham) or by simply using the contribution card on the back of this page.

Your support is needed now. We'll keep you updated



# Alabama Child Caring Foundation

- >65,000 children have been given coverage to date
- Many Physicians continue to give of both their time and money to support this program.
- One of the few child caring programs still operating in the U.S.
- Al Rohling retired in 2008 after 20 years. Barbara Hutchinson is the new director.

# Director(s) Alabama Child Caring Foundation 1988-Present





# Joint Venture-JCMS/Children's Hospital/BCBS AL.





# Alabama MD<sup>®</sup>

*The Medical Association of the State of Alabama exists to serve, lead and unite physicians in promoting the highest quality of health care for the people of Alabama through advocacy, information and education.*

www.masalink.org • Volume 44 Number 17 • November 2008 • Incorporating Alabama Medicine

## BCBS to report quality indicators

**The Medical Association of the State of Alabama is participating with the Alabama Hospital Association, the Alabama Quality Assurance Foundation, Blue Cross and Blue Shield of Alabama and business community leaders in an effort to improve the quality of care provided in Alabama.**

Once the input was received, it was summarized and forwarded to BCBS's Quality Collaborative Committee. This committee is comprised of the representatives of the stakeholders mentioned earlier. Representing physicians are Pamela D. Varner, MD, MASA president; Juan Johnson, MD, a member of MASA's Board of Censors; and Nancy Dunlap of UAB's Health Services Foundation.

In late September, the committee distilled the measures to 15 that ultimately will be used in a Phase 1 project and 35 in a Phase 2 project. The measures are to be applied to physicians' claims data and a rating (which is yet to be determined) released to BCBS insureds.

A meeting of MASA and leaders of county and specialty societies in October provided an introduction to the vendor, Health Benchmarks, Inc., which will be processing the claims data.

The timeline for the project is that Health Benchmarks, Inc. will begin the processing in December. BCBS will communicate with physicians through special bulletins and local meetings in December and January. In March 2009, physicians will have the opportunity to comment on their own data prior to a roll-out to BCBS insureds on July 1, 2009.

MASA, through its physician representatives on the Quality Collaboration Committee and its Board of Censors, will continue to monitor and provide input to the process.



# TODAY...



- 3.7 million Customers
- 2<sup>nd</sup> Largest Single-state Plan based on Membership
- 4<sup>th</sup> Largest in terms of Revenue Passing Through.
- 3,200 Employees in Alabama; Approximately 800 more in other states



BlueCross BlueShield  
of Alabama

# BCBS Al. Board Chairman and Four C.E.O.'s



- Mr. Gene Moor, Chairman
- Mr. William H. Mandy
- Mr. G. Phillip Pope
- Mr. Dick Jones
- Mr. E. Gene Thrasher



# TODAY...



- Has been the only Medicare contractor in Alabama since the inception of Medicare in 1965
- Administer benefits for more than 3.5 million Medicare beneficiaries
- Paid over \$13 billion in Medicare claims last year
- Offer other products for Medicare eligibles

Blue Advantage 

 BlueCross BlueShield  
of Alabama

C Plus<sup>SM</sup>

  
BlueRx  
A Regional Medicare Prescription Drug Plan



# TODAY...



- More than 31,000 Customer Groups
- Over 72 million claims processed
- Over 7.5 million customer calls handled
- Lowest Administrative Expense of any Blue Cross Plan for 10+ years. Six cents on the dollar.



BlueCross BlueShield  
of Alabama